

Lebanese Bonds Drop Amid Political and Security Uncertainty



BLOMINVEST
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Contact Information

Helmi Mrad

helmi.mrad@blominvestbank.com

	01/05/2025	24/04/2025	Change	Year to Date
BLOM Bond Index (BBI)	17.53	17.96	-2.37%	31.90%
Weighted Yield	97.79%	95.30%	2.61%	-5.57%
Weighted Spread	9,364.52	9,115.40	2.73%	-5.67%

The BLOM Bond Index (BBI), which tracks Lebanese government Eurobonds (excluding coupon payments), dropped by 2.37% in the week ending May 1st, 2025 to 17.53 points.

The BBI experienced a consistent decline throughout the past week, due to several key factors.

Firstly, the political situation in Lebanon is still unsteady. Hezbollah is still delaying weapon surrender and refusing to full implement the UN Resolution 17101 immediately. Second, Israeli's breach of cease-fire continues as the airstrikes are targeting Hezbollah's military leaders as well as what they said military sites. Thirdly, geopolitical tensions remain unresolved, with continued strikes by Israel on Gaza and Syria. Add to this the trade-related general uncertainty that pervades the world and regional economies.

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When bond prices go down, yields go up. Consequently, the yield on 5-year bonds rose by 240 basis points to 97% and the yield on 10-year bonds increased by 150 basis points to 67.4% this week.

	01/05/2025	24/04/2025	Change
BBI	17.529	17.955	-2.37%
JP Morgan EMBI	917.19	913.52	0.40%
5Y LEB	97.00%	94.60%	240
10Y LEB	67.40%	65.90%	150
5Y US	3.81%	3.91%	(10)
10Y US	4.25%	4.32%	(7)
5Y SPREAD	9,319	9,069	250
10Y SPREAD	6,315	6,158	157

However, in the U.S., treasury yields marginally decreased this week, as 5-year bonds' yields decreased by 10 basis points to record 3.81% while 10-year yields decreased by 7 basis points to reach 4.25%.

Investors are thoroughly watching the trade war updates as China considered recently to exempt some of the American goods from the 125% tariffs while President Trump declared that there trade discussions with China started. Moreover, economic data released this week were not promising. First, The US Gross Domestic Product (GDP) witnessed a contraction of 0.3% in the first quarter of 2025 compared to an expected growth of 0.3%. Second, the Job Opening and Labor Turnover Survey (JOLTS) revealed below expectations job openings in March. New job openings recorded 7.19 million while expectations were 7.48 million. Additionally, Personal Consumption Expenditure (PCE) index, reflecting changes in prices of goods and services purchased by consumers in the US, increased by 0.5% month-on-month, compared to an expected increase of 0.1%. Lastly, ISM Manufacturing PMI recorded 49 in April, revealing contraction in factory activity in the US.

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5Y Credit Default Swaps (CDS)

	01/05/2025	24/04/2025
KSA	86.71	82.97
Dubai	57.51	59.59
Brazil	183.67	187.08
Turkey	360.16	334.07

Source: Bloomberg

		Prices		Weekly	Yields		Weekly
Maturity	Coupon in %	01/05/2025	24/04/2025	Change	01/05/2025	24/04/2025	Change bps
28/11/2026	6.6	16.942	17.295	-2.04%	174.79%	169.55%	524.437
23/03/2027	6.85	16.916	17.321	-2.34%	143.38%	139.58%	379.978
29/11/2027	6.75	16.92	17.322	-2.32%	105.15%	102.66%	248.864
03/11/2028	6.65	16.893	17.33	-2.52%	80.25%	78.44%	181.064
26/02/2030	6.65	16.879	17.319	-2.54%	62.90%	61.64%	125.597
22/04/2031	7	16.932	17.322	-2.25%	56.30%	55.32%	97.825
23/03/2032	7	16.936	17.318	-2.21%	52.08%	51.18%	89.618
02/11/2035	7.05	16.933	17.407	-2.72%	44.82%	43.74%	107.518
23/03/2037	7.25	16.932	17.411	-2.75%	44.51%	43.44%	107.081

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**For your Queries:
BLOMINVEST BANK s.a.l.**

Research Department

Zaituna Bay

POBOX 11-1540 Riad El Soloh

Beirut 1107 2080 Lebanon

Helmi Mrad

helmi.mrad@blominvestbank.com

Research Department

Tel: +961 1 991 784

research@blominvestbank.com

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